

VZCZCXRO0034  
OO RUEHGH  
DE RUEHUL #0480/01 0840636  
ZNR UUUUU ZZH  
O 250636Z MAR 09 ZDK  
FM AMEMBASSY SEOUL  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3759  
RUCPDO/USDOC WASHDC 8309  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//  
RHHMUNA/USCINCPAC HONOLULU HI//FPA//  
RUEKJCS/SECDEF WASHINGTON DC  
RUEKJCS/JOINT STAFF WASHINGTON DC  
RUEKDIA/DIA WASHINGTON DC//DB-Z//  
RUEHMO/AMEMBASSY MOSCOW 9395  
RUEHBJ/AMEMBASSY BEIJING 5496  
RUEHKO/AMEMBASSY TOKYO 5594  
RUEHGH/AMCONSUL SHANGHAI 0458  
RUEHSH/AMCONSUL SHENYANG 4088  
RUEHIN/AIT TAIPEI 3083  
RUEHGP/AMEMBASSY SINGAPORE 6314  
RUCNDT/USMISSION USUN NEW YORK 0704  
RUEHGV/USMISSION GENEVA 2080  
RUEHLO/AMEMBASSY LONDON 1115  
RUEHFR/AMEMBASSY PARIS 1736

UNCLAS SECTION 01 OF 06 SEOUL 000480

SIPDIS

E.O. 12958: N/A  
TAGS: [PREL](#) [PGOV](#) [MARR](#) [ECON](#) [KPAO](#) [KS](#) [US](#)  
SUBJECT: SEOUL - PRESS BULLETIN; March 25, 2009

SEOUL 00000480 001.2 OF 006

#### TOP HEADLINES

-----

Chosun Ilbo  
Opposition DP Rep. Suh Gab-won and Ruling GNP Rep. Kwon Kyung-seok  
to be Summoned over Alleged Receipt of Illicit Funds from Taekwang  
Industrial Chairman Park Yeon-cha

JoongAng Ilbo  
ROK-U.S. Combined Forces Advanced to Yalu River  
for First Time during Latest War Game Simulation

Dong-a Ilbo, Hankook Ilbo  
Wonderful Korea!... Korea's Challenge will Continue  
Korea's National Team Loses World Baseball Classic Final,  
but their Brilliant Runner-up Performance Surprises the World

Hankyoreh Shinmun  
ROK Cabinet Approves 29-Trillion-Won Extra Budget,  
the Biggest in the Country's History

Segye Ilbo, Seoul Shinmun  
Korea Is a "Great Runner-up" in World Baseball Classic

#### DOMESTIC DEVELOPMENTS

-----

The ROK and the EU announced yesterday that they have reached a  
tentative free trade agreement, with the more politically sensitive  
issues to be resolved by their trade ministers in early April.  
(All)

#### INTERNATIONAL NEWS

-----

Chosun Ilbo noted in an inside-page report that the Obama  
Administration has not yet finalized its North Korea specialists

within the State Department, leading to delays in dealing with North Korea's imminent launch and the detention of two American reporters, according to critics. As evidence, Chosun explained that CSIS Senior Advisor Robert Einhorn, widely believed to be the Administration's choice to take charge of the Department's strategies for North Korea's weapons of mass destruction as the next U.S. Under Secretary for Arms Reduction and Non-proliferation, has allegedly declined to accept the offer. Furthermore, Kurt Campbell, a former Deputy Assistant Secretary of Defense who was widely expected to become the next Assistant Secretary of State for East Asian and Pacific Affairs, has yet to be nominated.

North Korea's Foreign Ministry, in a March 24 statement, warned that North Korea will boycott the Six-Party Talks should the UN impose sanctions over its planned rocket launch. (JoongAng, Dong-a, Hankook, Hankyoreh, Segye, Seoul, all TVs)

#### MEDIA ANALYSIS

-North Korea

Most of the ROK media gave attention to a March 24 warning by North Korea's Foreign Ministry that North Korea will boycott the Six-Party Talks should the UN impose sanctions over its planned rocket launch.

The media quoted the North Korean Foreign Ministry's statement: "If the U.S. and Japan, two participants in the Six-Party Talks, discriminatorily deny us only the right to peaceful space use and infringe on our sovereign rights, it would directly run counter to the "spirit of mutual respect and equality" of the Sept. 19 Joint Statement. If such a hostile activity is carried out under the name

SEOUL 00000480 002.2 OF 006

of the UN Security Council, that would be a breach of the Sept. 19 Joint Statement by the UN Security Council itself."

Conservative Chosun Ilbo ran an inside-page report noting that the Obama Administration has not yet finalized its North Korea specialists within the State Department, leading to delays in dealing with North Korea's imminent launch and the detention of two American reporters, according to critics. As evidence, Chosun explained that CSIS Senior Advisor Robert Einhorn, widely believed to be the Administration's choice to take charge of the Department's strategies for North Korea's weapons of mass destruction as the next U.S. Under Secretary for Arms Reduction and Non-proliferation, has allegedly declined the offer. Furthermore, the report went on to say that Kurt Campbell, a former Deputy Assistant Secretary of Defense who was widely expected to become the next Assistant Secretary of State for East Asian and Pacific Affairs, has yet to be nominated.

Commentaries continued on Seoul's possible full participation in the U.S.-led Proliferation Security Initiative (PSI). Conservative Chosun Ilbo editorialized: "The international community takes the position that it will not tolerate North Korea's nuclear and missile proliferation, irrespective of Seoul's participation in the PSI. This means that if North Korea transfers its nuclear weapons and missiles to other countries, (the international community would have no choice but to respond). That response would destabilize to an extreme degree the political situation on the Korean Peninsula. The leftist camp (in the ROK) should first denounce North Korea's nuclear and missile programs before taking issue with the ROKG over participating in PSI."

#### OPINIONS/EDITORIALS

GO SLOW TO SECURE FTA  
(JoongAng Ilbo, March 25, 2009, Page 45)

By Sukhan Kim, a senior partner in the law firm Akin Gump Strauss Hauer and Feld LLP in Washington, D.C.

"Korea must understand that the agreement, like all trade agreements, is a political deal and, therefore, subject to change."

Korea is pushing for quick ratification of the Korea-U.S. Free Trade Agreement, insisting that it will not renegotiate the deal with Washington, where it remains stalled. The FTA has already passed a National Assembly subcommittee toward ratification.

Many in Korea believe that these moves will speed the agreement's ratification in the U.S. Congress. There is a sense of optimism in Korea that the agreement will be finalized this year.

Some believe that President Barack Obama's objections to the Korea-U.S. FTA during the campaign were just campaign rhetoric, and now that he is president, he will pursue prudent policies and will come to support the agreement as is.

Others believe that quick action on the agreement in Korea will pressure the U.S. to move more quickly, or will make it harder for the U.S. to seek changes to the deal's auto provisions.

Unfortunately, such beliefs are misplaced, given the political and economic reality in Washington.

There are two main aspects to this reality that Korea must make sure to gauge properly.

First, without changes to its auto provisions, the agreement is unlikely to be submitted to the U.S. Congress for approval, let alone ratified. Second, even with changes to the agreement's auto provisions, 2009 will be a very difficult year for movement on the agreement in the United States.

SEOUL 00000480 003.2 OF 006

The agreement was negotiated by the Bush Administration amid growing fear that globalization was squeezing out the American middle class.

In 2006, American voters elected some 45 new Democrats to Congress from areas that are seen as having been hurt by free trade.

These Democrats sharply criticized the Bush Administration's pursuit of new FTAs, and its approach to the agreement, for inadequate protection of American jobs.

Reflecting this sentiment, during the prolonged 2008 presidential primary, Obama was compelled to take a stronger stance against the agreement than he otherwise might have in order to gain labor union support.

Then, in the 2008 election, Democrats, who are ideologically less favorably disposed toward FTAs, increased their majorities in Congress.

The financial crisis and possible bankruptcy of General Motors and Chrysler have compounded the problem. Under these circumstances, neither President Obama nor key Democrats on Capitol Hill can afford to backtrack and accept the agreement in its current form.

Furthermore, the gravity of economic and other challenges facing the new administration has pushed trade issues, including the agreement, to the back burner. Thus, the administration is unlikely to invest much time and energy into the agreement, at least in the near term.

After all, the Obama Administration inherited this pending agreement from its predecessor and does not have a vested interest in its quick ratification.

Accordingly, even if Korea were to make concessions on auto trade, it will be difficult for the U.S. to approve the agreement this year.

If Korea's goal is for both countries ultimately to ratify the agreement, it will need to modify its current approach. Korea is

currently taking steps toward ratification by the National Assembly and is also publicly stating that it will not renegotiate the deal. But each such step and each such pronouncement hardens Korea's position.

Korea's approach raises the stakes for the negotiations, leaving little room for maneuvering. In short, this approach limits Korea's flexibility and options in resolving the remaining U.S. concerns about the agreement.

Korea should instead keep the agreement out of the spotlight for now, and remove the pressure for quick passage. A respite from the public debate about the agreement should create a calmer environment in which Korea can quietly explore with the U.S. possible compromises on the agreement that would allow U.S. Democrats to accept it.

This strategy may also afford enough time for the U.S. Congress and the administration to implement their strategy to save the U.S. auto industry, which could remove some political heat from the agreement's auto provisions. Further, a slower and more deliberate approach would also allow Korea to seek additional concessions from the U.S. that might be offered in exchange for any changes to the auto provisions.

Korea must understand that the agreement, like all trade agreements, is a political deal and, therefore, subject to change. Indeed, when it became clear last year that the Korean public could not accept reopening Korea's market to all U.S. beef, Washington recognized the changed political reality in Korea and accepted a new, more limited arrangement.

Now, it is Korea's turn to recognize that, in the U.S., the

SEOUL 00000480 004.2 OF 006

political reality mandates some changes to the agreement's auto provisions. Indeed, during these challenging times, Korea needs to be both flexible and creative in dealing with the U.S. on the FTA because the agreement is simply too important to fail.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

REASONS WHY NORTH KOREA MUST NOT LAUNCH A MISSILE  
(Dong-a Ilbo, March 25, 2009, Page 30)

By Kim Sung-han, guest editorial writer and professor of international studies at Korea University

North Korea must not fire a missile for the following four reasons.

First, regardless of whether it is a satellite or a missile, North Korea's rocket launch would violate United Nations Security Council Resolution 1718, which was passed right after North Korea's nuclear test in October 2006 banning the North from all activities related to its ballistic missile program.

Second, North Korea's test-firing of a missile would pose a serious threat not only to its neighboring countries but also to the international community.

Third, the precision of North Korea's satellite and missile technologies is not yet internationally recognized. Therefore, if North Korea's missile flies over Japan, Japan would have no choice but to assume a defense posture. North Korea's missile firing would change the attitude of the Obama Administration which has been seeking the improvement of its relations with Pyongyang. The ROK would also review its security strategies, including the Missile Defense system, and would also fully participate in the Proliferation Security Initiative.

Lastly, North Korea's launch of a missile disguised as an artificial satellite would not ultimately help sustain the North Korean regime. According to missile experts, it costs about 400 million dollars to

develop a projectile alone. Considering that North Korea has a population of 24 million and its per-capita income is 900 dollars, its Gross Domestic Product (GDP) totals about 21.6 billion dollars. In this situation, spending 400 million dollars (2 percent of the GDP) to fire a missile is an extreme example of the "distortion of resources." If the North continuously rejects outside food aid and misleads its people into believing that the North will soon become a powerful and prosperous nation, its missile launch in April would go down in history as an event accelerating the collapse of the Kim Jong-il regime.

THE PSI IS NOT AN IDEOLOGICAL ISSUE  
(Chosun Ilbo, March 25, 2009, Page 35)

Leftwing activists have been protesting in front of the Foreign Ministry building since Friday, when Foreign Minister Yu Myung-hwan said North Korea's missile launch would prompt South Korea to consider full participation in the U.S.-led Proliferation Security Initiative (PSI). Former president Kim Dae-jung on Monday said South Korea's participation in the PSI would require it to search ships carrying strategic goods and that North Korea would oppose it. He added that if a gun battle ensues, it could escalate into a naval battle, and if coastal batteries take part in the clash, the situation could escalate into a war. The left is trying to turn the PSI issue into an ideological confrontation.

The PSI is an international effort conceived by the Bush Administration to intercept the transfer of banned weapons of mass destruction and weapons technology to rogue states or to international terrorist organizations. Launched in September of 2003, 94 countries are full participants in the PSI. During the Roh Moo-hyun Administration in 2006, South Korea said it would merely

SEOUL 00000480 005.2 OF 006

take briefings on intercept efforts by participating as an "observer," although it supports the purpose and principle of the PSI. The decision was mindful of fierce opposition from North Korea.

The claims made by Kim and the Left regarding the PSI take a considerable leap of logic. First of all, the PSI targets nuclear materials and missiles rather than "strategic goods." If Kim used the ambiguous term "strategic goods" in order to condone North Korea's transfer of nuclear materials and missiles abroad, it would be difficult for South Korea to call for strengthened international cooperation in stopping North Korea's nuclear and missile programs. South Korea would lose credibility on the international stage if it ignores the export of North Korean nuclear materials and missiles yet calls for international support only when it needs it.

The Roh Administration sensed it was setting itself up for such criticism and claimed it would prevent North Korea from transporting goods suspected of breaching security concerns based on an inter-Korean maritime pact signed in August 2005. But as demonstrated by the failure of North Korean vessels passing South Korean waters to respond to 22 calls by South Korean maritime police in 2006, that agreement was no alternative to the PSI. The international community takes the position that it will not tolerate North Korea's nuclear and missile proliferation, irrespective of Seoul's participation in the PSI. This means that if North Korea transfers its nuclear weapons and missiles to other countries, (the international community would have no choice but to respond). That response would destabilize to an extreme degree the political situation on the Korean Peninsula. The leftist camp (in the ROK) should first denounce North Korea's nuclear and missile programs before taking issue with the ROKG over participating in PSI.

At one time, the PSI was the subject of a lot of controversy for being the result of a unilateral U.S. decision and it drew a considerable amount of criticism for going against international maritime laws guaranteeing vessels the right to pass through the high seas. But the criticism dwindled as more and more countries joined the PSI, which is evolving into an international security network.

The issue of taking part in the PSI should not be turned into an ideological dispute but instead should be decided after strategic thinking about the pluses and minuses for South Korea, considering the future of inter-Korean relations, the South Korea-U.S. alliance and international cooperation in diplomacy and security.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

#### FEATURES

U.S. STATE DEPT. LACKING N. KOREA 'CONTROL TOWER'  
(Chosun Ilbo, March 25, 2009, Page 6)

By Washington Correspondent Lee Ha-won

The U.S. administration has not yet lined up its North Korea specialists within the State Department, leading in the view of some critics to delays in dealing with North Korea's impending rocket launch and the detention of two American reporters in the North.

Robert Einhorn, a senior adviser at the Center for Strategic and International Studies, had been expected to take charge of strategies for North Korea's weapons of mass destruction as the next U.S. Undersecretary for Arms Reduction and Non-proliferation. But he has suddenly declined to accept the offer. Ellen Tauscher, a seventh-term Democrat member of the House of Representatives, has been nominated in his place.

Kurt Campbell, a former deputy assistant secretary, has not yet been nominated as Assistant Secretary of State for East Asia and Pacific

SEOUL 00000480 006 OF 006

Affairs. Stephen Bosworth, who worked part-time as Special Representative for North Korea Policy, has returned to his job as Dean of Tufts University's Fletcher School after visiting nations participating in Six-Party nuclear talks.

There is speculation that the reason the two reporters are still being held in the North is that there is no "control tower" for North Korean issues at the State Department. No senior American officials have officially demanded their release in the week since they were captured. The U.S. is ostensibly trying to solve the problem through quiet diplomacy, but in reality there is no senior U.S. government official who wants to take the initiative.

A diplomatic source well versed in the atmosphere of the Obama Administration said, "Korean Peninsula experts do not agree on who is a real 'czar' to deal with the North Korean issue," adding that up to now, it is difficult to give good marks to the Obama Administration for its response to North Korean matters."

(We have compared the English version on the website with the Korean version and added the last paragraph to make them identical.)

STEPHENS